



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

September 14, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

**TEN-YEAR LEASE - BOARD OF SUPERVISORS
DEPARTMENTS OF PUBLIC WORKS, HEALTH SERVICES, FIRE
AND REGIONAL PLANNING - 26600 AGOURA ROAD, CALABASAS
(THIRD DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the attached ten-year lease with Arden Realty, LP, (Lessor) for 10,346 square feet of office space and 41 parking spaces for a Board of Supervisors (BOS) field office and a "One-Stop Shop" consisting of the Departments of Public Works, Health Services, Fire and Regional Planning (One-Stop) at an initial annual maximum rental rate of \$295,277. Rental costs for the proposed lease are funded by fees and State grant funds with approximately 20 percent net County cost (NCC).
2. Authorize the Internal Services Department (ISD), or the Lessor, at the direction of the Chief Administrative Officer (CAO), to acquire telephone, data and low voltage systems for the aforementioned field office and One-Stop at a cost not to exceed \$130,000. At the discretion of the CAO, all or part of the telephone, data and low voltage systems may be paid in a lump sum by the applicable departments in addition to other Tenant Improvement (TI) allowances provided under the lease.

3. Consider the attached Negative Declaration, together with the fact that no comments were received during the public review process, find that the project will not have a significant effect on the environment, find that the Negative Declaration reflects the independent judgment of the County, approve the Negative Declaration and find that the project will have no adverse effect on wildlife resources and authorize the CAO to complete and file a Certificate of Fee Exemption for the project.
4. Authorize the CAO, the One-Stop participants and ISD to implement the project. The lease will be effective upon approval by your Board, but the term and rent will commence upon completion of the improvements by the Lessor and acceptance by the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The County currently serves the Malibu/Las Virgenes area from a number of different locations including leased and owned office space. Since December, 1990, the County has leased 4,420 rentable square feet of office space and 20 parking spaces for the Department of Public Works (DPW) at 4111 Las Virgenes Road, Calabasas. The building houses a satellite office for the Building and Safety division as well as staff from Regional Planning. Since July, 1991, the County has leased 1,202 rentable square feet and four parking spaces for a Third Supervisorial District field office located at 26500 West Agoura Road, Calabasas. The field office also serves the constituency population located within the surrounding communities. The County Fire Department serves the community from office space within the County-owned Malibu Civic Center, and the Department of Health Services (DHS) maintains an office in the Malibu Civic Center as well.

Over the past 14 years that DPW and BOS have been housed in their respective offices, the spaces have become obsolete and no longer sufficiently meet County standards for day-to-day operations. In addition, the BOS field office did not meet current seismic requirements. As new space was required for the aforementioned programs, it was also decided that the most effective way for the County to serve its constituency in the Malibu/Las Virgenes area on building and safety regulatory and permitting requirements was to consolidate the operations of the DPW, DHS, the Fire Department and Regional Planning into a "One-Stop Shop." Subsequently, it was decided to include the BOS field

office for the area in the search for the potential One-Stop in order to achieve additional economies of scale and rental cost savings to the County. After an extensive search in the surrounding communities, the proposed lease was negotiated with the Lessor and is submitted for your Board's approval.

Upon completion of the improvements at the new location, the County will terminate its Calabasas leases, which are now on a month-to-month basis, for the DPW, Regional Planning and the Third Supervisorial District. In addition, the Departments of Fire and Health Services will vacate their premises in the Malibu Civic Center. The staff and functions currently located at each of these offices will be transferred to the new premises, which will serve the dual function of providing a field office for the Third Supervisorial District and offering One-Stop service for the departments of Public Works (Building and Safety Division), DHS, Fire and Regional Planning. The One-Stop will function as the local regulatory arm for building and safety issues as well as permitting authority and ordinance enforcement, as applicable, for constituents in the northwesterly County region. Rental costs for the One-Stop participants will be primarily fee offset with about 20% of rental costs associated with the BOS field office a net County cost.

A site search of the nearby communities within the Third District yielded limited prospective sites that could adequately meet program requirements uniquely suitable for the creation of the One-Stop. The proposed building, situated in a business park adjacent to a primary transportation route, is in close proximity to the existing DPW and BOS offices, and will be improved from its current office function to meet the County's requirements. TI funds are provided in the proposed lease which will enable the County to achieve the desired build-out for office use. Furniture for the proposed facility will be purchased directly from a manufacturer via a County-approved vendor through the Executive Office. The furniture cost will be proportionately charged back to the individual departments accordingly. Furniture expenses for similar projects to the proposed lease have been running approximately \$25 per square foot, or \$258,650, as projected in this case. The proposed facility will be used to house approximately 40 employees. The proposed ten-year lease term will enable the One-Stop participants the opportunity to spread out the amortized cost of the reimbursable TIs related to construction. In addition, a cancellation right can be exercised by the County after 78 months of the proposed lease term.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we improve the workplace environment in order to enhance quality and productivity (Goal 2, Strategy 2) and that we strengthen the County's fiscal capacity (Goal 4). In this case, we are consolidating several functions and expanding the delivery of services, maximizing service accessibility, and housing multiple departmental functions in leased space in accordance with the Strategic Asset Management Principles, as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

Proposed New Lease	26600 Agoura Road, Calabasas
Area	10,346 rentable square feet
Term	Ten years, commencing upon Board's approval and completion of the tenant improvements
Annual Base Rent	\$ 263,823 (\$2.125 /sf/month)
Additional TI allowance	\$ 31,454 (\$0.25 /sf/month)
Maximum Annual Rent	\$ 295,277* (\$2.375 /sf/month)
Cancellation	After the 78th month upon nine months written notice and payment of the unamortized balance of TI.
Parking (included in Rent)	41 parking spaces.

* Includes the amortization of the Additional TI amortized at a nine percent (9%) interest factor.

The proposed lease is full-service whereby the Lessor is responsible for all operating costs associated with the County's occupancy. Included in the rent is a \$15 per square foot, or \$155,190, TI allowance to be used as needed for potential refurbishment of the existing space. In addition, the County may utilize an additional TI allowance of up to \$20 per square foot, or \$206,920, which may be amortized over the term of the lease at a nine percent interest factor or paid whole or in part via a lump sum payment during the term of the lease. The rent will be subject to annual Consumer Price Index increases of a minimum of two percent and capped at four percent beginning at the second year of the lease term.

Sufficient funding for the proposed lease is included in the 2004-05 Rent Expense Budget and will be charged back to the applicable departments. Sufficient funding is available in departments' operating budget(s) to cover the projected lease costs.

The total estimated purchase costs for the telephone, data and low voltage systems are not to exceed \$130,000 and may be paid in lump sum payment proportionately by the applicable departments. Should the Lessor be able to provide the telephone, data and low voltage systems at or below County's cost, the recommendation herein allows for the payment of these costs to the Lessor and, at the discretion of the CAO, all or part of these costs may be paid in a lump sum payment to ISD or the Lessor.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed ten-year lease will provide approximately 10,346 rentable square feet of office space and 41 parking spaces. The lease contains the following provisions:

- Ten-year term commencing after completion of the TIs by the Lessor and acceptance by the County;
- A full-service gross basis lease with the Lessor responsible for all operating and maintenance costs;
- A \$155,190, or \$15 per square foot, TI allowance included in the base rental rate for improvement of the premises;
- A reimbursable additional TI allowance of \$206,920, or \$20 per square foot for additional TIs, which may be paid in lump sum or amortized over the ten-year term at an annual interest rate of nine percent;
- A cancellation provision allowing the County to cancel at or anytime after the 78th month of the term by giving nine months prior written notice and paying a cancellation fee equal to any unamortized TI costs incurred by the Lessor;

The Honorable Board of Supervisors
September 14, 2004
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- The County also has an option to extend the lease for five years at fair rental value.

This office conducted a survey of the area to determine the availability of comparable and more economical sites. CAO Real Estate staff was unable to identify any other sites in the surveyed area that could suitably accommodate this requirement. Based upon said survey, staff has established that rental range for similar office space is between \$24.60 and \$29.88 per square foot per year full-service gross. Thus, the base annual rent of \$25.50 for the proposed lease represents a rate within the market range for the area. Attachment B shows County-owned facilities within the service area for these programs and there are no suitable County-owned or leased facilities available for the programs under consideration.

The DPW has completed a seismic review of the facility and found it suitable for County occupancy.

The proposed lease was submitted for review to your Board's appointed Real Estate Management Commission on August 18, 2004. After careful review, the Commission approved the lease.

ENVIRONMENTAL DOCUMENTATION

The CAO has made an initial study of the environmental factors and has concluded that this project will have no significant impact on the environment and no adverse effect on wildlife resources. Accordingly, a Negative Declaration has been prepared and a notice posted at the site as required by the California Environmental Quality Act (CEQA) and the California Administrative Code, Section 15072. Copies of the completed Initial Study, the resulting Negative Declaration, and the Notice of Preparation of Negative Declaration, as posted, are attached. No comments to the Negative Declaration were received. A fee must be paid to the State Department of Fish and Game when certain notices are filed with the Registrar-Recorder/County Clerk. The County is exempt from paying this fee when your Board finds that a project will have no impact on wildlife resources.

The Honorable Board of Supervisors
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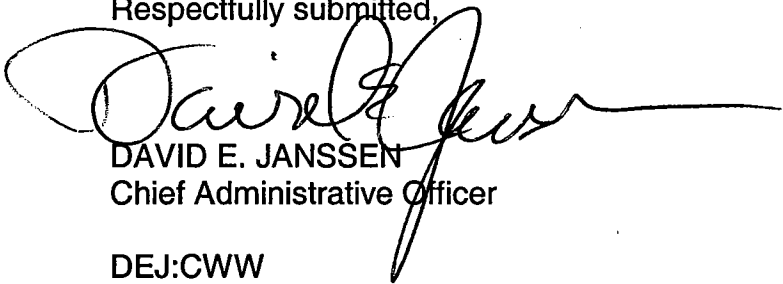
IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the CAO and the One-Stop participants that the proposed lease is in the best interest of the County and will adequately provide the necessary space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, the One-Stop participants and the Third District concur with this lease recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return five originals of the executed lease and two certified copies of the Minute Order, and the adopted, stamped Board letter to the CAO, Real Estate Division at 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:CWW
CEM:NCH:hd

Attachments (5)

c: County Counsel
Auditor-Controller
Board of Supervisors/Executive Office
Department of Public Works
Department of Health Services
Fire Department
Regional Planning
Internal Services Department

Attachment A

BOARD OF SUPERVISORS/DEPARTMENT OF PUBLIC WORKS, ET. AL.
26600 AGOURA ROAD, CALABASAS
Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>	Yes	No	N/A
A	Does lease consolidate administrative functions? ² One-Stop facility comprised of multiple field operations.		X	
B	Does lease co-locate with other functions to better serve clients? ²	X		
C	Does this lease centralize business support functions? ²			X
D	Does this lease meet the guideline of 200 sf of space per person? ² No. Unique requirements associated with One-Stop will have ratio of approximately 1/258 sf/person.		X	
2.	<u>Capital</u>			
A	Should program be in leased space to maximize State/Federal funding?			X
B	If not, is this a long term County program?	X		
C	Is it a net County cost (NCC) program? Partial, One-Stop is fee offset. +/- 20% NCC.		X	
D	If yes to 2 B or C; is it a capital lease or operating lease with an option?		X	
E	If no, are there any suitable County-owned facilities available?		X	
F	If yes, why is lease being recommended over occupancy in County-owned space?			X
G	Is Building Description Report attached as Attachment B?	X		
H	Was build-to-suit or capital project considered? The proposed building is available at competitive market rate and allows for co-location of existing departmental programs.		X	
3.	<u>Portfolio Management</u>			
A	Did department utilize CAO Space Request Evaluation (SRE)?	X		
B	Was the space need justified?	X		
C	If a renewal lease, was co-location with other County departments considered?			X
D	Why was this program not co-located?			X
	1. ___ The program clientele requires a "stand alone" facility.			
	2. ___ No suitable County occupied properties in project area.			
	3. ___ No County-owned facilities available for the project.			
	4. ___ Could not get City clearance or approval.			
	5. <u>x</u> The Program is being co-located.			
E	Is lease a full service lease? ²	X		
F	Has growth projection been considered in space request?	X		
G	Has the Dept. of Public Works completed seismic review/approval?	X		
	¹ As approved by the Board of Supervisors 11/17/98			
	² If not, why not?			

Attachment B

**BOARD OF SUPERVISORS/DEPARTMENT OF PUBLIC WORKS, ET. AL.
26600 AGOURA ROAD, CALABASAS**

SEARCH AREA WITHIN THIRD DISTRICT BOUNDARIES-5 MILE RADIUS OF FACILITY

LACO	FACILITY NAME	ADDRESS	GROSS SQUARE FEET	NET SQUARE FEET	OWNERSHIP	AVAILABLE SQUARE FEET
4414	CAMP GONZALES- ADMINISTRATIVE BUILDING	1301 N. LAS VIRGENES ROAD CALABASAS 91302	5,781	3,586	OWNED	NONE
A037	BOS-3 RD DISTRICT OFFICE	26500 W. AGOURA ROAD CALABASAS 91302	1,202	1,142	LEASED	NONE
6595	ANIMAL CONTROL #7-ADMIN BLDG.	29525 W. AGOURA ROAD CALABASAS 91302	1,986	920	OWNED	NONE
A499	PUBLIC LIBRARY-AGOURA HILLS LIBRARY	29901 LADYFACE COURT AGOURA HILLS 91302	17,000	15,300	GRATIS USE	NONE
A055	PUBLIC WORKS CALABASAS DISTRICT OFFICE	4111 N. LAS VIRGENES ROAD CALABASAS 91302	4,420	3,640	LEASED	NONE
5872	DEPARTMENT OF HEALTH SERVICES CANOGA PARK HEALTH CENTER	7107 REMMET AVE. CANOGA PARK 91303	5,308	3,094	OWNED	NONE
AZ11	DEPARTMENT OF MENTAL HEALTH WEST VALLEY MENTAL HEALTH CTR.	7621 CANOGA AVENUE CANOGA PARK 91303	15,900	14,310	LEASED	NONE

COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AGREEMENT

**DEPARTMENT: BOARD OF SUPERVISORS, PUBLIC WORKS, HEATH, FIRE,
PLANNING, as Tenant**

LANDLORD: ARDEN REALTY LIMITED PARTNERSHIP

26600 AGOURA ROAD, CALABASAS

August 20, 2004

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COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AGREEMENT

THIS LEASE is entered into as of the 18th day of August, 2004 between ARDEN REALTY LIMITED PARTNERSHIP, a Maryland limited partnership ("Landlord"), and COUNTY OF LOS ANGELES, a body politic and corporate entity ("Tenant").

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION. The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease:

1.1 General Information

(a) Landlord's Address for Notice:

Arden Realty, Inc.
11601 Wilshire Boulevard
4th Floor
Los Angeles, California 90025
Attention: Legal Department

(b) Tenant's Address for Notice:

Board of Supervisors
Kenneth Hahn Hall of Administration,
Room 383
500 West Temple Street
Los Angeles, California 90012

With a copy to:
Chief Administrative Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate
Fax Number: (213) 217-4971

(c) Premises:

Approximately 10,346 rentable square feet in the Building (defined below) as shown on Exhibit A attached hereto.

(d) Building:

The building located at 26600 Agoura Road, Calabasas which is located upon, and is a

portion of, the real property described more particularly in Exhibit B attached hereto (the "Property");

- (e) Term: Ten (10) years commencing on the Commencement Date (as defined below), and terminating at midnight on the day before the tenth (10th) anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any Option Term for which an option has been validly exercised.
- (f) Projected Commencement Date: February 1, 2005
- (g) Commencement Date: The earlier of (i) the date Tenant first commences to conduct business in the Premises, or (ii) the date of Substantial Completion of Improvements in the Premises, which is anticipated to occur on the Projected Commencement Date.
- (h) Irrevocable Offer Expiration Date: October 1, 2004
- (i) Basic Rent: \$21,985.25 per month, which is based upon an initial rental rate of \$2.125 per rentable square foot (adjustable only as provided in Section 5(b) hereof.)
- (j) Early Termination Effective Date: At or after the last day of the seventy-eighth (78th) full calendar month of the Term.
- (k) Early Termination Notice Date: The date which is at least nine (9) months prior to the Early Termination Effective Date.
- (l) Use: General office use or for any other lawful purposes not incompatible with other uses in the Building.
- (m) Initial Departmental Use: Board of Supervisors, Departments of Public Works, Heath Services, Fire and Planning.

- (n) Parking Spaces: Four (4) unreserved parking spaces for every 1,000 rentable square feet of the Premises, for a total of forty-one (41) unreserved parking spaces, for use in the Project parking areas and/or facilities. Of these, four (4) unreserved parking spaces may be used by Tenant as reserved parking spaces and four (4) may be used by Tenant as visitor parking spaces. All such parking spaces shall be rented by Tenant in accordance with the terms and conditions set forth in Article 20 of this Lease.
- (o) Normal Working Hours: 7:00 a.m. to 6:00 p.m., Monday through Friday and 9:00 a.m. to 1:00 p.m. Saturday, except New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed) and such other holidays as are generally recognized by the County of Los Angeles, California.
- (p) Asbestos Report: Environmental Site Assessment report dated April 30, 1998 prepared by Glen Fos, Inc.

1.2 Defined Terms Relating to Landlord's Work Letter

- (a) Base Tenant Improvement Allowance \$155,190.00 (i.e., \$15.00 per rentable square foot of the Premises)
- (b) Additional Tenant Improvement Allowance \$206,920.00 (i.e., \$20.00 per rentable square foot of the Premises)
- (c) Additional Tenant Improvement Amortization Interest Rate: 9.0% per annum
- (d) Maximum Change Order Allowance: \$25,000.00
- (e) Maximum Change Order Allowance Amortization Interest Rate: 9.0% per annum
- (f) Tenant's Work Letter Representative Nevin Harrison and/or an assigned staff person of the Chief Administrative Office-Real Estate Division shall serve as Tenant's sole

representative with respect to the matters set forth in this Work Letter, who shall have full authority and responsibility to act on behalf of the Tenant as required hereunder.

(g) Landlord's Work Letter Representative

An assigned staff person of Landlord.

(h) Landlord's Address for Work Letter Notice

See addresses set forth in Section 1(a) above.

(i) Tenant's Address for Work Letter Notice

See addresses set forth in Section 1(b) above.

1.3 Exhibits to Lease:

Exhibit A - Floor Plan of Premises
Exhibit B- Legal Description of Property
Exhibit C - Commencement Date
Memorandum and Confirmation of Lease Terms
Exhibit D - HVAC Standards
Exhibit E - Cleaning and Maintenance Schedule
Exhibit F – Landlord's Work Letter

1.4 Supplemental Lease Documents: (delivered to Landlord and made a part hereof by this reference):

Document I: Intentionally Omitted
Document II: Tenant Estoppel Certificate
Document III: Intentionally Omitted
Document IV: Memorandum of Lease
Document V: Intentionally Omitted

2. PREMISES

(a) Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and Exhibit A attached hereto.

(b) Landlord and Tenant hereby stipulate that the Premises contains the number of square feet specified in Section 1.1(c), above.

3. COMMON AREAS. Tenant may use the following areas ("Common Areas") in common with Landlord and other tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply

with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Areas established by Landlord.

4. COMMENCEMENT AND EXPIRATION DATES; OPTION TERM

(a) Original Term. The original term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. If Landlord does not deliver possession of the Premises to Tenant on or before the Projected Commencement Date (as set forth in Section 1.1(f), above), Landlord shall not be subject to any liability for its failure to do so, and such failure shall not affect the validity of this Lease nor the obligations of Tenant hereunder. Notwithstanding the foregoing, if the Commencement Date has not occurred on or before the later to occur of (i) February 1, 2005, or (ii) the date which is two (2) weeks after the Contractor's (as defined in Exhibit "F" attached hereto) scheduled completion date of the construction of the Improvements (as defined in Exhibit "F") (the "Deadline Date"), then, as Tenant's sole and exclusive remedy, Tenant shall receive a credit against monthly Basic Rent next due under this Lease equal to one (1) day of monthly Basic Rent for each day that occurs during the period commencing as of the Deadline Date and ending as of the date Landlord delivers the Premises to Tenant with the Improvements Substantially Complete. Notwithstanding the foregoing, the Deadline Date shall be extended one (1) day for each day of Tenant Delay (as defined in Exhibit "F") and Force Majeure. Within thirty (30) days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing the Commencement Date Memorandum and Confirmation of Lease Terms attached as Exhibit C. The term "Substantially Complete" or "Substantial Completion" as used in this Lease shall mean compliance with all of the following: (1) the shell and core of the Building are complete and, to Landlord's knowledge, in compliance with all applicable laws and codes, and all of the building systems are operational to the extent necessary to service the Premises; (2) Landlord has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease, including the installation of modular furniture systems, if so required (except minor punch list items which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises; (3) Landlord has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or its equivalent, to the extent legally required for Tenant to occupy the Premises; (4) Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease; and (5) if Landlord is responsible for the installation of telecommunication systems, then such systems shall be completely operational. Substantial Completion of the Improvements (as defined in the Landlord's Work Letter attached hereto as Exhibit "F") shall be accelerated one day for each day of Tenant Delay, in accordance with the terms and conditions set forth in the Landlord's Work Letter.

(b) Termination Right. If the Commencement Date has not occurred within ninety (90) days from the Projected Commencement Date, Tenant may thereafter, at any time before the Commencement Date occurs, terminate this Lease effective upon the giving of written notice to Landlord and the parties shall have no further obligations to one another hereunder; provided, however, the Projected Commencement Date shall

be extended one (1) day for each day of Force Majeure Delay (as defined in Section 29(n), below) and Tenant Delay.

(c) Early Possession. Tenant shall be entitled to possession of the Premises not less than thirty (30) days prior to the Substantial Completion of the Improvements for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Tenant shall deliver to Landlord written notice of Tenant's desire to access the Premises at least five (5) days prior to any such access. Such early occupancy shall be subject to all provisions hereof but shall not advance the Termination Date, and Tenant shall not pay Basic Rent for such early occupancy period (unless Tenant shall conduct its business in the Premises during such early possession period).

(d) Early Termination. Tenant shall have the right to terminate this Lease at any time after the Early Termination Effective Date, as defined in Section 1, by giving Landlord not less than nine (9) months prior written notice (the "Early Termination Notice") executed by the Chief Administrative Officer of Tenant. In the event of such termination, Tenant shall pay the Landlord a termination fee in an amount equal to the sum of the unamortized portion of the Improvement Allowance (as defined in Exhibit "F" attached hereto) and brokerage commissions paid by Landlord in connection with this Lease amortized at nine percent (9%) per annum to be paid by Tenant within thirty (30) days after the Early Termination Effective Date.

(e) Option Right. Landlord hereby grants the Tenant named in this Lease ("Original Tenant") one option ("Option") to extend the Term for a period of five (5) years ("Option Term"), which Option shall be exercisable only by written notice delivered by Tenant to Landlord as set forth below. The rights contained in this Section 4(e) shall be personal to the Original Tenant and may only be exercised by the Original Tenant (and not any assignee, sublessee or other transferee of the Original Tenant's interest in this Lease) if the Original Tenant occupies the entire Premises as of the date of Tenant's Acceptance (as defined in Section 4(e)(ii) below). Landlord acknowledges and agrees that the Term shall not be extended unless and until Landlord receives written notice from Tenant and/or the Board of Supervisors of the County of Los Angeles (the "Board") that the Board has approved such extension.

(i) Option Rent. The rent payable by Tenant during the Option Term ("Option Rent") shall be equal to the "Market Rent" (defined below). "Market Rent" shall mean the applicable monthly Basic Rent, including all escalations, additional rent, and other charges at which tenants, as of the commencement of the Option Term, are leasing non-renewal, non-sublease, non-equity space comparable in size, location and quality to the Premises for a term comparable to the Option Term, which comparable space is located in office buildings comparable to the Building in Calabasas, California, taking into consideration the value of the existing improvements in the Premises to Tenant, as compared to the value of the existing improvements in such comparable space, with such value to be based upon the age, quality and layout of the improvements and the extent to which the same could be utilized by Tenant with consideration given to the fact that the improvements existing in the Premises are specifically suitable to Tenant.

(ii) Exercise of Option. The Option shall be exercised by Tenant only in the following manner: (1) Tenant shall not be in default, and shall not have been in default under this Lease more than once, on the delivery date of the Interest Notice and Tenant's Acceptance; (2) Tenant shall deliver written notice ("Interest Notice") to Landlord not more than twelve (12) months nor less than nine (9) months prior to the expiration of the original Term, stating that Tenant is interested in exercising the Option, (3) within fifteen (15) business days of Landlord's receipt of Tenant's written notice, Landlord shall deliver notice ("Option Rent Notice") to Tenant setting forth the Option Rent; and (4) if Tenant desires to exercise such Option, Tenant shall provide Landlord written notice within five (5) business days after receipt of the Option Rent Notice ("Tenant's Acceptance") and upon, and concurrent with such exercise, Tenant may, at its option, object to the Option Rent contained in the Option Rent Notice. Tenant's failure to deliver the Interest Notice or Tenant's Acceptance on or before the dates specified above shall be deemed to constitute Tenant's election not to exercise the Option. If Tenant timely and properly exercises its Option, the original Term shall be extended for the Option Term upon all of the terms and conditions set forth in this Lease, except that the rent for the Option Term shall be as indicated in the Option Rent Notice unless the Tenant, concurrently with the Tenant's Acceptance, objects to the Option Rent contained in the Option Rent Notice, in which case the parties shall follow the procedure and the Option Rent shall be determined, as set forth in Section 4(e)(iii) below.

(iii) Determination of Market Rent. If Tenant timely and appropriately objects to the Market Rent in Tenant's Acceptance, Landlord and Tenant shall attempt to agree upon the Market Rent using their best good-faith efforts. If Landlord and Tenant fail to reach agreement within twenty-one (21) days following Tenant's Acceptance ("Outside Agreement Date"), then each party shall make a separate determination of the Market Rent which shall be submitted to each other and to arbitration in accordance with the following items (1) through (7):

(1) Landlord and Tenant shall each appoint, within ten (10) days of the Outside Agreement Date, one arbitrator who shall by profession be a current real estate broker or appraiser of commercial office properties in the immediate vicinity of the Building, and who has been active in such field over the last five (5) years. The determination of the arbitrators shall be limited solely to the issue of whether Landlord's or Tenant's submitted Market Rent is the closest to the actual Market Rent as determined by the arbitrators, taking into account the requirements of Section 4(e)(ii), above.

(2) The two (2) arbitrators so appointed shall within five (5) business days of the date of the appointment of the last appointed arbitrator agree upon and appoint a third arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the initial two (2) arbitrators.

(3) The three (3) arbitrators shall within fifteen (15) days of the appointment of the third arbitrator reach a decision as to whether the parties shall use Landlord's or Tenant's submitted Market Rent, and shall notify Landlord and Tenant thereof.

(4) The decision of the majority of the three (3) arbitrators shall be binding upon Landlord and Tenant.

(5) If either Landlord or Tenant fails to appoint an arbitrator within ten (10) days after the applicable Outside Agreement Date, the arbitrator appointed by one of them shall reach a decision, notify Landlord and Tenant thereof, and such arbitrator's decision shall be binding upon Landlord and Tenant.

(6) If the two arbitrators fail to agree upon and appoint a third arbitrator, or both parties fail to appoint an arbitrator, then the appointment of the third arbitrator or any arbitrator shall be dismissed and the matter to be decided shall be forthwith submitted to arbitration under the provisions of the American Arbitration Association, but subject to the instruction set forth in this Section 4(e)(iii).

(7) The cost of arbitration shall be paid by Landlord and Tenant equally.

5. RENT.

(a) Initial Basic Rent. Tenant shall pay Landlord the Basic Rent stated in Section 1 and adjusted per Section 5(b) below during the Term hereof within fifteen (15) days after a claim therefor for each such month has been filed by Landlord with the Auditor of the County of Los Angeles (the "County") prior to the first day of each month. Basic Rent for any partial month shall be prorated in proportion to the number of days in such month.

(b) CPI Adjustments. From and after the first anniversary of the Commencement Date, on the first day of the first full calendar month thereafter (the "Adjustment Date") and on every anniversary of the Adjustment Date thereafter, Basic Rent shall be adjusted by applying the CPI Formula set forth below. The "Base Index" shall be the Index published for the month the Lease commences.

(c) CPI Formula. The Index means the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "CPI Formula" means Basic Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective, and the denominator being the Index published for the month the Lease commenced, then add or subtract to the total result the amount needed to amortize Lessee's additional tenant improvements plus change order costs, if any. If the Index is changed so that the Index differs from that used as of the Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the Index had not been discontinued or revised.

(d) Illustration of Formula. The formula for determining the new rent shall be as follows:

$$\begin{aligned} & \frac{\text{New Index}}{\text{[Base Index]}} \times \$ \text{_____} \text{ (Basic Rent)} \\ & \pm \text{Amount needed to amortize Tenant's Additional Tenant Improvements,} \\ & \quad \text{if any} \\ & \pm \text{Amount needed to amortize change order costs, if any} \\ & = \text{Monthly Basic Rent} \end{aligned}$$

(e) Limitations on CPI Adjustment. In no event shall the monthly Basic Rent adjustment based upon the CPI Formula result in an annual increase less than two percent (2%) or greater than four percent (4%) per year of the Basic Rent. In no event shall the monthly rent be adjusted by the CPI Formula to result in a lower monthly Basic Rent than was payable during the previous year of the Lease.

6. USES. The Premises are to be used only for the uses set forth in Section 1 and for no other business or purpose; however, Landlord shall not unreasonably withhold its consent to a change of use.

7. HOLDOVER. If Tenant, without Landlord's consent, remains in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such occupancy shall not constitute an extension of this Lease and shall be a tenancy which is terminable only upon sixty (60) days written notice from Landlord or thirty (30) days written notice from the Chief Administrative Officer of Tenant at the last monthly Basic Rent payable under this Lease (as such Basic Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease. Nothing contained in this Article 7 shall be construed as consent by Landlord to any holding over of the Premises by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or earlier termination of the Term.

8. COMPLIANCE WITH LAW. Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof, regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including without limitation, the Americans with Disabilities Act, except to the extent such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises.

9. DAMAGE OR DESTRUCTION.

(a) Damage. In the event any portion of the Premises is damaged by fire or any other insured cause rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored to a complete architectural unit of approximately the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) days (subject to Force Majeure Delays and Tenant Delays), then Landlord shall promptly, at Landlord's expense, repair such damage to the extent insurance proceeds are available therefor or would have been available had Landlord complied with the insurance requirements set forth in this Lease and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenable by fire or other insured casualty, Landlord shall use its commercially reasonable efforts to immediately secure the area to prevent injury to persons and/or vandalism to the Premises. Landlord shall promptly, but in any event within fifteen (15) business days after the date Landlord learns of the damage, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenable again using standard working methods. The failure to do so shall be a material Default hereunder. Basic Rent shall abate to the extent that the Premises are unusable by Tenant and Tenant does not use the Premises. Notwithstanding the foregoing, Landlord may elect to terminate this Lease if the Building shall be damaged by fire or other casualty or cause if the damage is not fully covered, except for deductible amounts, by Landlord's insurance policies. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

(b) Tenant Termination Right. In the event any portion of the Premises is damaged by fire or any other insured cause rendering the Premises totally or partially inaccessible or unusable and the Premises will not be restored to a complete architectural unit of approximately the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) days for any reason (subject to Force Majeure Delays and Tenant Delays), then Tenant may terminate this Lease by giving written notice within ten (10) days after notice from Landlord specifying such time period of repair; and this Lease shall terminate and the Basic Rent shall be abated from the date the Premises became untenable. Such abatement of Basic Rent shall be based upon the proportion that the amount of rentable square feet within the Premises rendered unusable to Tenant bears to the whole rentable square footage of the Premises. In the event that Tenant does not elect to terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided insurance proceeds are available to repair the damage.

(c) Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving written notice to the other not more than thirty (30) days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises, (b) Landlord may retain all insurance proceeds

relating to such destruction, and (c) this Lease shall terminate as of the date which is thirty (30) days after such written notice of termination.

(d) Default By Landlord. If Landlord is required to repair and restore the Premises as provided for in this Article and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Tenant may (a) declare a Default hereunder or (b) perform or cause to be performed the restoration work and deduct the cost thereof, from the Basic Rent next due as a charge against the Landlord.

10. REPAIRS AND MAINTENANCE.

(a) Landlord Representations. Landlord represents to Tenant to Landlord's knowledge that (i) the Premises, the Building and all Common Areas (including electrical, heating, ventilating and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including use the Americans With Disabilities Act; and are in reasonable good working order and condition; (ii) the Building and Premises comply with all recorded covenants, conditions, restrictions and underwriter's requirements; and (iii) the Premises, Building and Common Areas are free of the presence of any unlawful levels Hazardous Materials (as hereinafter defined) in violation of applicable law, and (iv) Landlord has not received any written notice from any governmental agency that the Building or the Premises are in violation of any law or regulation. Landlord represents, based upon a professional inspection of the Premises and the Building and the Asbestos Report that the Premises and the Building contain no asbestos containing materials (other than as may be reflected in the Asbestos Report). Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos containing materials to the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.

(b) Landlord Obligations. Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intrabuilding network cable (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building (iii) the Common Areas; (iv) exterior windows of the Building; and (v) elevators serving the Building, subject to wear and tear and Tenant's negligent acts and omissions and willful misconduct. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear and Tenant's negligent acts and omissions and willful misconduct excepted. Landlord's repair obligations include, without limitation, repairs to: (1) the floor covering (if such floor covering is carpeting it shall be replaced as needed but not less often than after five (5) years of use); (2) interior partitions; (3) doors; (4) the interior side of demising walls (which shall be repainted as needed but not less often than every five (5) years and (5) signage. Without limiting the

foregoing, Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall: (a) be made and performed by contractors or mechanics mutually agreed upon by Landlord and Tenant, (b) be at least reasonably equal in quality, value and utility to the original work or installation, and (c) be in accordance with all laws.

(c) Tenant's Right to Repair. If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure and/or the Building systems and/or anything that causes material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the giving of such notice, but in any event not later than twenty (20) days after the giving of such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property). Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable actual costs and expenses in having taken such action after Tenant's delivery to Landlord of invoices marked paid and such other documentation as Landlord may reasonably require. If not reimbursed by Landlord within ten (10) days, Tenant shall be entitled to deduct from Basic Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 14.

11. SERVICES AND UTILITIES.

Landlord shall furnish the following services and utilities to the Premises:

(a) HVAC. Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), from 7:00 a.m. to 6:00 p.m. Mondays through Fridays and 9:00 a.m. to 1:00 p.m. on Saturdays ("Normal Working Hours") in amounts required for the use and occupancy of the Premises for normal office purposes to a standard comparable to other first-class buildings and not less than the standard set forth in Exhibit D attached hereto. If Tenant requires heating, ventilation and/or air conditioning during times other than the times provided above, Tenant shall give Landlord such advance notice as Landlord shall reasonably require and shall pay Landlord's commercially reasonable standard charge for such after-hours use. Landlord's current charge for after-hours HVAC use is Twenty Dollars (\$20.00) per hour.

(b) Electricity. Landlord shall furnish to the Premises the amount of electric current provided for in the Working Drawings but in any event not less than four (4) watts of electric current (connected load) per square foot of Rentable Square Feet in

the Premises, for power and lighting and electric current for HVAC, and Landlord shall provide the existing or new transformers or subpanels on each floor of the Premises necessary for Tenant to utilize such capacity in the Premises.

(c) Intentionally Omitted.

(d) Water. Landlord shall make available water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.

(e) Janitorial. Landlord shall provide janitorial service on five (5) nights per week generally consistent with that furnished in comparable office buildings in the County of Los Angeles, but not less than the services set forth in the specifications set forth in Exhibit E attached hereto.

(f) Access. Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven (7) day per week, twenty-four (24) hour per day basis, subject to the terms of this Lease and compliance with such reasonable security measures as shall from time to time be in effect for the Building.

12. LANDLORD ACCESS. Tenant shall permit Landlord and its agents to enter the Premises at all reasonable times for the purpose of cleaning the Premises, and upon at least twenty-four (24) hours prior notice (except in the event of emergency, in which case, no notice shall be required) for the purpose of posting notices thereon as provided by law, inspecting the Premises for any reasonable purpose, showing the Premises to prospective tenant, lenders or purchasers of the Project, in the case of an emergency, and for making such alterations, repairs, improvements or additions to the Premises or to the Project as Landlord may be required by Landlord under this Lease or as Landlord may deem necessary. If Landlord temporarily closes any portion of the Building or Premises, and, as a result, Tenant is unable to use and does not use the Premises, then Basic Rent shall be prorated based upon the percentage of the Premises or Building rendered untenantable and not used by Tenant.

13. TENANT DEFAULT.

(a) Default. The occurrence of any one or more of the following events (a "Default") shall constitute a material default and breach of this Lease by Tenant:

(i) the failure by Tenant to make any payment of Basic Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder), as and when due and if the failure continues for a period of ten (10) days after written notice to Tenant;

(ii) the failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of thirty (30) days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than thirty (30) days are reasonably

required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

(b) Termination. Tenant agrees that if a Default should occur and should not be cured within the time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law.

(c) No Effect on Indemnity. Nothing in this Article shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

14. LANDLORD DEFAULT.

(a) Remedies. In addition to the provisions for Landlord's default provided by Sections 9(d), 10(c) 19 and 20(b), Landlord shall be in default ("Landlord Default") in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within thirty (30) days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10(c)); provided, however, that if the nature of such Landlord Default is such that the same cannot reasonably be cured within such thirty (30) day period, Landlord shall not be deemed to be in default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the Landlord Default is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein: (i) to remedy such Landlord Default or breach and deduct the costs thereof from the installments of Basic Rent next falling due; (ii) to pursue the remedy of specific performance; (iii) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Basic Rent next coming due; or (iv) to terminate this Lease; provided, however, Tenant shall have no right to terminate this Lease unless and until Landlord fails to cure such Landlord Default by the date which is twenty (20) days after Tenant delivers an additional notice to Landlord setting forth the Landlord Default; provided, however, if the nature of such material Landlord Default is such that the same cannot reasonably be cured within such additional twenty (20) day period, then Tenant shall not be entitled to terminate this Lease if Landlord shall within such additional twenty (20) day period commence to cure such Landlord Default and thereafter diligently pursue such cure to completion.

(b) Waiver. Nothing herein contained shall relieve Landlord from its duty to effect the repair, replacement, correction or maintenance required to restore any affected services, or to perform any other obligations to the standard prescribed in this Lease, nor shall this Section be construed to obligate Tenant to undertake any such work, except to the extent expressly set forth to the contrary in this Lease.

(c) Emergency. Notwithstanding the foregoing cure period, Tenant may cure any Landlord Default without notice where the failure to promptly cure such Landlord Default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition or materially and adversely affect the operation of Tenant's business in the Premises.

15. ASSIGNMENT AND SUBLETTING. Tenant may assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises upon first obtaining Landlord's prior consent, which shall not be unreasonably withheld, conditioned or delayed: provided, however, no such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its written consent thereto, which Landlord shall not unreasonably withhold if the assignee has a financial condition which is reasonably sufficient for it to be responsible for all future obligations under this Lease.

16. ALTERATIONS AND ADDITIONS.

(a) Landlord Consent. Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. However, Landlord's consent shall not be required for any (a) the removal or installation by Tenant (at Tenant's sole cost) of modular furniture in the Premises, or (b) cosmetic Alteration that satisfies all of the following criteria ("Cosmetic Alterations"): (1) complies with all Laws; (2) is not visible from the exterior of the Premises or Building; (3) will not materially affect the systems or structure of the Building; (4) does not unreasonably interfere with the normal and customary business office operations of other tenants in the Building; and (5) the aggregate cost of such Alterations does not exceed \$20,000 in any twelve (12) month period; provided, however, Tenant shall deliver to Landlord at least ten (10) days prior written notice of any such Cosmetic Alterations. If Landlord fails to respond in writing within thirty (30) days of such request, Landlord shall be deemed to approve the Alterations.

(b) End of Term. Concurrently with Tenant's request for approval of an Alteration or Tenant's notification of its Cosmetic Alterations, Landlord shall notify whether Tenant shall be obligated to remove such Alteration or Cosmetic Alterations upon the expiration or earlier termination of this Lease. If Landlord fails to respond in writing within thirty (30) days of such request or notice, as the case may be, Landlord shall be deemed to allow the Alteration or Cosmetic Alteration to remain in the Premises upon the expiration or earlier termination of this Lease. Any Alterations not required to be removed by Tenant shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration or earlier termination of this Lease.

17. CONDEMNATION.

(a) Controlling Terms. If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of

all or any part of the Premises or any interest in this Lease by Condemnation (as defined below), this Section shall determine the rights and obligations of Tenant and Landlord. "Condemnation" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor (as defined below) or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of a Condemnor's exercise of such power or while legal proceedings are pending for the exercise of such power. "Condemnor" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

(b) Total Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "Date of Taking").

(c) Partial Taking. If any portion, but not all, of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if, in Tenant's reasonable judgment, Tenant is not able to conduct its business in the remaining portion of the Premises. If Tenant elects to so terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within thirty (30) days after the date that the nature and the extent of the Condemnation have been determined (the "Determination Date"), which notice shall set forth the date of termination. Such termination date shall not be earlier than thirty (30) days nor later than ninety (90) days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the date of termination as designated by Tenant. If Tenant does not so notify Landlord within thirty (30) days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated.

(d) Restoration. Notwithstanding the preceding paragraph, if, within thirty (30) days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to the remaining Premises so that the area of the Premises and the space available for parking, will be substantially the same after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within ninety (90) days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

(e) Award. Any Award for the taking of all or any part of the Premises shall be the property of the Landlord, to the extent it is compensation for the taking of the fee or as severance damages. Tenant shall be entitled to that portion of the Award, if any, attributable to Tenant's trade fixtures and improvements and for the bonus value of Tenant's leasehold. "Trade fixtures" are agreed to include any tenant improvements installed at the Tenant's request to the extent that Tenant has reimbursed Landlord for such tenant improvements in a lump sum or through amortization included in the rent payments. "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

(f) Waiver of Statute. Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the superior court to terminate this Lease in the event of a partial taking of the Premises.

18. INDEMNIFICATION.

(a) Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act or omission or willful misconduct of Tenant or its employees or arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees.

(b) Landlord's Indemnity. Subject to Section 29(m), below, Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests, or visitors or arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

19. INSURANCE.

(a) During the term of Tenant's occupancy, Landlord shall keep the buildings and improvements on the Premises insured against loss or damage by fire, lightning, vandalism, malicious mischief, and such perils ordinarily defined as "extended coverage" in an amount not less than the full insurable replacement value of said buildings and improvements. The full insurable replacement value shall be reviewed by the insurer at least every year to assure sufficient coverage.

(b) During the Term of this Lease, Landlord shall also at all times maintain in force a policy of comprehensive public liability insurance insuring against injury to persons and damage to property. This policy shall have a combined single limit coverage of not less than Two Million Dollars (\$2,000,000.00) per occurrence. The policy coverage shall be reviewed by the insurer at least every year to assure sufficient coverage. Landlord hereby acknowledges that it currently maintains earthquake insurance for the Building; provided, however, Landlord shall have no obligation to continue to maintain such earthquake insurance and Landlord shall have the right to discontinue such coverage at any time, without notice to Tenant.

(c) Landlord shall cause Tenant to be named as an additional insured on each of the policies described above and each such policy shall require written notice to Tenant at least thirty (30) days prior to the expiration or other termination of the coverage. Landlord shall at all times be responsible for providing Tenant with evidence that such coverages are in effect and have not been terminated. In the event that Landlord causes or permits the insurance policy or policies to lapse or otherwise terminate, Tenant shall have the option to obtain the policy and deduct the premiums therefor from the rental payments next due or to self-insure, or Tenant at its sole discretion may surrender the Premises effective as of the date specified in the written notice of such surrender and Tenant shall not be liable for any further rental under this Lease.

(d) Waiver of Subrogation. Landlord and Tenant each hereby waive their rights of subrogation against one another to the extent it is covered by the property insurance policies required to be carried hereunder. Landlord shall cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against Tenant.

20. PARKING.

(a) Tenant's Rights. Tenant shall have the right to use, commencing on the Commencement Date, the number of unreserved parking spaces set forth in Section 1.1(n), which parking spaces shall pertain to the parking facility serving the Building. All of Tenant's unreserved, reserved and visitor parking spaces shall be free of charge to Tenant during initial Term of this Lease. Tenant shall have the right to convert up to four (4) of its unreserved parking spaces to exclusive reserved parking spaces. Tenant shall deliver notice of such election to Landlord, if at all, on or before the Commencement Date. No tandem parking shall be permitted and Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such rules and regulations shall be uniformly applied to all tenants. Tenant acknowledges that Tenant's unreserved and visitor parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building. The location of Tenant's reserved and visitor parking spaces shall be mutually agreed upon by Landlord and Tenant. Landlord shall use its commercially reasonable efforts to ensure that Tenant shall have the use of its duly allocated number of parking spaces throughout the Term of this Lease. Landlord's breach of the immediately preceding sentence for more than seven (7) consecutive calendar days shall constitute a material Landlord Default.

21. ENVIRONMENTAL MATTERS

(a) Hazardous Materials. Tenant shall not cause nor permit, nor allow any of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office

and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas.

(b) Landlord Indemnity. Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with the presence of unlawful levels of Hazardous Materials on, under or about the Premises, Building or Common Areas or other violation of laws relating to unlawful levels of Hazardous Materials other than caused by Tenant, its employees, agents, representatives, contractors, invitees, or licensees. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of unlawful levels of Hazardous Materials in the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease.

22. ESTOPPEL CERTIFICATES. Tenant shall, within thirty (30) days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Document II in the Supplemental Lease Documents delivered to Landlord concurrently herewith (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective

purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.

23. IMPROVEMENTS. Prior to the Commencement Date, Landlord shall construct the Improvements (as such term is defined in the Landlord's Work Letter) in the manner and accordance with the terms set forth in the Landlord's Work Letter attached to this Lease as Exhibit "F".

24. LIENS. Tenant shall keep its interest in this Lease and the Premises free from any liens arising out of any work performed or materials ordered or obligations incurred by Tenant. In the event that there shall be recorded against the Premises or the Building or the property of which the Premises is a part any claim or lien arising out of any such work performed, materials furnished or obligations incurred by Tenant and such claim or lien shall not be removed or discharged within ten (10) days of filing, Landlord shall have the right but not the obligation to pay and discharge said lien without regard to whether such lien shall be lawful or correct, or to require that Tenant promptly deposit with Landlord in cash, lawful money of the United States, one hundred percent (100%) of the amount of such claim plus all costs and fees which may be incurred by Landlord in connection with the removal of such claim, which sum may be retained by Landlord until such claim shall have been removed of record or until judgment shall have been rendered on such claim and such judgment shall have become final, at which time Landlord shall have the right to apply such deposit in discharge of the judgment on said claim and any costs, including attorneys' fees and costs incurred by Landlord, and shall remit the balance thereof to Tenant. Landlord shall keep its interest in this Lease and the Premises free from any liens which would materially adversely impair the interest of Tenant hereunder and hereby indemnifies and holds Tenant harmless from any liability or loss from any such lien, except to the extent resulting from Tenant's negligence or willful misconduct.

25. SUBORDINATION AND MORTGAGES

(a) Subordination and Non-Disturbance. Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided, however, Tenant's obligation to subordinate this Lease shall be expressly conditioned upon Tenant receiving a written subordination agreement in Landlord's lender's commercially reasonable standard form provided that such form does not materially adversely affect Tenant's rights under this Lease and does not modify any of the time periods or notice requirements set forth in this Lease.

(b) Existing Deeds of Trust. Landlord hereby represents that as of the date hereof there are no deeds of trust or ground leases encumbering the Building.

(c) Intentionally Omitted.

(d) Notice of Default. If any mortgagee or beneficiary under a deed of trust affecting the Property gives written notice of its name and address to Tenant by

registered mail requesting any such notice with reference to this Section, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any notice of Default served upon Landlord hereunder which could permit Tenant to terminate this Lease and an additional ten (10) days within which to cure such Default.

26. SURRENDER OF POSSESSION. Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition. Subject to the terms of Section 16(b), above, Tenant may (but shall not be required to, except to the extent expressly set forth to the contrary in this Lease) remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture).

27. SIGNAGE. Provided that Tenant is not in default under this Lease, Tenant shall have the right, at Tenant's sole cost and expense, to (i) erect a monument sign ("Monument") and place Tenant's name (the "Tenant Name") thereon, and (ii) an eyebrow sign ("Eyebrow Sign") which shall display the Tenant Name on the exterior of the Building. Such Monument and Eyebrow Sign shall be used by Tenant in common with the other tenants and occupants of the Building and Tenant shall not have any exclusive rights in connection therewith. Tenant acknowledges and agrees that (i) the size, location, color, quality, graphics, materials, design and style of the Monument, Tenant Name and Eyebrow Sign shall be subject to Landlord's prior written approval, which shall not be unreasonably withheld, (ii) the Monument, Eyebrow Sign and Tenant Name shall be subject to Tenant's receipt of all required governmental approvals and permits and all applicable governmental laws, rules and regulations and any covenants, conditions and restrictions affecting the Building, and (iii) Tenant's right to maintain the Eyebrow Sign and the Tenant Name on the Monument shall be personal to the Tenant originally named in this Lease ("Original Tenant") (and not any assignee, sublessee or other transferee of the Original Tenant's interest in this Lease) and subject to the Original Tenant's occupancy of the entire Premises. Tenant shall repair and maintain the Eyebrow Sign and the Tenant Name on the Monument, at Tenant's sole cost and expense. Upon the expiration or earlier termination of this Lease, Tenant shall, at Tenant's sole cost and expense, remove the Tenant Name from the Monument and repair any damage to the Monument caused thereby.

28. QUIET ENJOYMENT. So long as Tenant is not in default hereunder, Tenant shall have the right to the quiet and peaceful enjoyment and possession of the Premises and the Common Areas during the Term of this Lease, subject to the terms and conditions of this Lease.

29. GENERAL

(a) Headings. Titles to Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

(b) Successors and Assigns. All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assigns.

(c) Brokers. Landlord and Tenant each represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease other than The County of Los Angeles Chief Administrative Office, Real Estate Division and Grubb & Ellis Co. (collectively, the "Brokers"), and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by the Brokers, or any other broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made in variance with this representation. Landlord shall pay the Brokers a commission in connection with this Lease pursuant to the terms of a separate written agreement.

(d) Entire Agreement. This Lease (and the Landlord's Work Letter and Supplemental Lease Documents) is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

(e) Severability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

(f) Notices. All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial messenger providing proof of delivery, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

(g) Governing Law and Forum. This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.

(h) Waivers. No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of

Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

(i) Time of Essence. Time is of the essence for the performance of all of the obligations specified hereunder.

(j) Consent. Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein, shall be deemed granted if not refused within ten (10) days after written request is made therefore, together with all necessary information.

(k) Community Business Enterprises Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(l) Memorandum of Lease If requested by Tenant, Landlord and Tenant shall execute and acknowledge a Memorandum of Lease in the form of Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith, which Memorandum may be recorded by Tenant, at Tenant's cost, in the Official Records of Los Angeles County.

(m) The terms and conditions of this Section 29(m) shall apply only to an assignee or sublessee of Tenant's interest in this Lease (a "Transferee"). Any remedy of a Transferee under this Lease for the collection of a judgment (or other judicial process) requiring the payment of money by Landlord in the event of any default by Landlord hereunder or any claim, cause of action or obligation, contractual, statutory or otherwise by such Transferee against Landlord or any of its officers, directors, shareholders, representatives, agents, or employees and independent contractors (collectively, the "Landlord Parties") concerning, arising out of or relating to any matter relating to this Lease and all of the covenants and conditions or any obligations, contractual, statutory, or otherwise set forth herein, shall be limited solely and exclusively to an amount which is equal to the lesser of (1) interest of Landlord in and to the Building, including all rental income, net sales, condemnation awards and any insurance proceeds which Landlord receives which are not used to repair or rebuild the Building, and (2) the interest Landlord would have in the Building if the Building were encumbered by third party debt in an amount equal to eighty percent (80%) of the then current value of the Building (as such value is reasonably determined by Landlord). No other property or assets of Landlord or any Landlord Party shall be subject to levy, execution or other enforcement procedure for the satisfaction of Transferee's remedies under or with respect to this Lease, Landlord's obligations to such Transferee, whether contractual, statutory or otherwise, the relationship of Landlord and Transferee hereunder, or such Transferee's use or occupancy of the Premises. In addition, neither Landlord nor the Landlord Parties shall be liable under any circumstance for injury or damage to, or interference with, such Transferee's business, including but not limited to

loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however, occurring.

(n) As used herein, "Force Majeure Delay" shall mean delay caused by any prevention, delay, stoppage due to strikes, lockouts, acts of God, or any other cause previously, or at such time, beyond the reasonable control or anticipation of Landlord or Tenant, as the case may be. Landlord's or Tenant's (as the case may be) obligation under this Lease shall be forgiven and suspended by any such Force Majeure (except for Tenant's obligations to pay Basic Rent and any other charge or sum payable by Tenant under this Lease).

(o) This Lease may be executed in counterparts, each of which shall be deemed an original, but such counterparts, when taken together, shall constitute one agreement.

30. AUTHORITY. Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. Landlord shall not be entitled to reimbursement from the County which exceeds the ceiling set forth in the immediately preceding sentence to the extent that an officer, employee, agent or independent contractor shall alter, add or delete the material terms of this Lease without the express written approval of the Board of Supervisors. Notwithstanding the foregoing, the Chief Administrative Officer of the County or its delegee (the "Chief Administrative Officer") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Basic Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an Early Termination Notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

31. ACKNOWLEDGEMENT BY LANDLORD

Landlord acknowledges that it is aware of the following provisions:

(a) Consideration of GAIN Program Participants. Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall give consideration for any such employment, openings to participants in the County Department of Public Social Services' Greater Avenues for Independence ("GAIN") Program who meet Landlord's minimum qualifications for the open position. The County will refer GAIN participants by job category to Landlord.

(b) Solicitation of Consideration. It is improper for any County officer, employee or agent to solicit consideration in any form from a landlord with the implication, suggestion or statement that the landlord's provision of the consideration may secure more favorable treatment for the landlord in the award of the Lease or that the landlord's failure to provide such consideration may negatively affect the County's consideration of the landlord's offer to lease. A landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the Lease.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the landlord's submission being eliminated from consideration.

(c) Landlord Assignment.

(i) Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments providing for the payment of Basic Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.

(ii) Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section shall be void.

(iii) Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County.

(iv) Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon

which the County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Lease or applicable law.

(v) Landlord shall give the County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of Basic Rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

(vi) Landlord shall not furnish any information concerning County or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) to any person or entity, except with County's prior written consent. Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section.

(vii) The provisions of this Section shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

32. IRREVOCABLE OFFER. In consideration for the time and expense that Tenant will invest, including, but not limited to, preliminary space planning, legal review, and preparation and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles County in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.

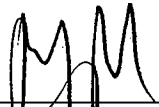
[Signatures on the next page.]

IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LANDLORD:

ARDEN REALTY LIMITED
PARTNERSHIP,
a Maryland limited partnership

By: ARDEN REALTY, INC.,
a Maryland corporation
Its: Sole General Partner

By: 
Name: Robert C. Peddicord
Its: Senior Vice President
Leasing and Operations

TENANT:

COUNTY OF LOS ANGELES
a body politic and corporate

By: _____
Name: _____
Chairman, Board of Supervisors

ATTEST:

Violet Varona-Lukens
Executive Officer-Clerk
of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

Lloyd W. Pellman
County Counsel


By: 
Deputy: Francis E. Scott

EXHIBIT A
FLOOR PLAN OF PREMISES

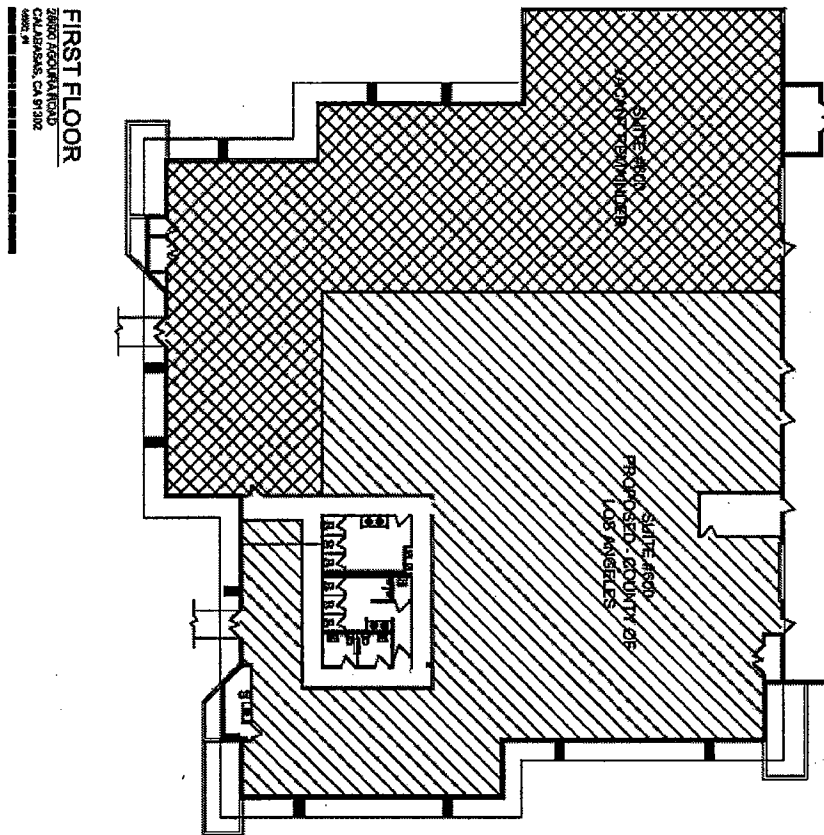


EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

PARCEL 1:

LOT1 OF TRACT NO. 43573, IN THE CITY OF CALABASAS, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 1060 PAGES 1 TO 6 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT 25 PER CENT OF THE 100 PER CENT OF ALL OIL AND MINERALS IN AND UNDER SAID LAND, EXCLUDING HOWEVER SURFACE RIGHTS AND ANY RIGHTS TO A DEPTH OF 500 FEET BELOW THE SURFACE THEREOF, AS RESERVED BY JOHN H. BRAGG, A MARRIED MAN, WHO ACQUIRED TITLE AS A WIDOWER, AS TO AN UNDIVIDED ONE-THIRD INTEREST; CLARENCE A. SINGER, A MARRIED MAN, WHO ACQUIRED TITLE AS A SINGLE MAN, AS TO AN UNDIVIDED ONE-THIRD INTEREST; KARYL L. THOMPSON, A MARRIED MAN AS HIS SEPARATE PROPERTY, AS TO AN UNDIVIDED ONE-SIXTH INTEREST; AND MARGARET L. SMITH, A MARRIED WOMAN AS HER SEPARATE PROPERTY, AS TO AN UNDIVIDED ONE-SIXTH INTEREST, IN DEED RECORDED AUGUST 2, 1961 AS INSTRUMENT NO. 1677.

PARCEL 2:

LOT 2 OF TRACT NO. 43573, IN THE CITY OF CALABASAS, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 1060 PAGES 1 TO 6 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT 25 PER CENT OF THE 100 PER CENT OF ALL OIL AND MINERALS IN AND UNDER SAID LAND, EXCLUDING HOWEVER SURFACE RIGHTS AND ANY RIGHTS TO A DEPTH OF 500 FEET BELOW THE SURFACE THEREOF, AS RESERVED BY JOHN H. BRAGG, A MARRIED MAN, WHO ACQUIRED TITLE AS A WIDOWER, AS TO AN UNDIVIDED ONE-THIRD INTEREST; CLARENCE A. SINGER, A MARRIED MAN, WHO ACQUIRED TITLE AS A SINGLE MAN, AS TO AN UNDIVIDED ONE-THIRD INTEREST; KARYL L. THOMPSON, A MARRIED MAN AS HIS SEPARATE PROPERTY, AS TO AN UNDIVIDED ONE-SIXTH INTEREST; AND MARGARET L. SMITH, A MARRIED WOMAN AS HER SEPARATE PROPERTY, AS TO AN UNDIVIDED ONE-SIXTH INTEREST, IN DEED RECORDED AUGUST 2, 1961 AS INSTRUMENT NO. 1677.

EXHIBIT C

COMMENCEMENT DATE MEMORANDUM
AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("Lease") dated _____, 2004, between County of Los Angeles, a body politic and corporate ("Tenant"), and Arden Realty Limited Partnership, a Maryland limited partnership ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at _____ ("Premises"),

Landlord and Tenant hereby acknowledge as follows:

- (1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on _____ ("Possession Date");
- (2) Tenant has accepted possession of the Premises and now occupies the same;
- (3) The Lease commenced on _____ ("Commencement Date");
- (4) The Premises contain _____ rentable square feet of space; and
- (5) Basic Rent Per Month is _____.

IN WITNESS WHEREOF, this Memorandum is executed this ____ day of _____, 200__.

"Tenant"

COUNTY OF LOS ANGELES,
a body politic and corporate

By: _____
Name: _____
Its: _____

"Landlord"

ARDEN REALTY LIMITED
PARTNERSHIP,
a Maryland limited partnership

By: Arden Realty, Inc.
A Maryland corporation
Its: Sole General Partner

By: _____
Name: _____
Its: _____

EXHIBIT D

HVAC STANDARDS

Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Normal Working Hours established by the Lease and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.

EXHIBIT E

CLEANING AND MAINTENANCE SCHEDULE

1. DAILY (Monday through Friday)

- A. Carpets vacuumed.
- B. Composition floors dust-mopped.
- C. Desks, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
- D. Waste baskets, other trash receptacles emptied.
- E. Chairs and waste baskets returned to proper position.
- F. Fingerprints removed from glass doors and partitions.
- G. Drinking fountains cleaned, sanitized and polished.
- H. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
- I. Bulb and tube replacements, as required.
- J. Graffiti expunged as needed within two (2) working days after notice by Tenant.
- K. Floors washed as needed.
- L. Kitchen/Lunchroom supplies replenished including paper supplies and soap.

2. WEEKLY

- A. Low-reach areas, chair rungs, baseboards and insides of door jambs dusted.
- B. Window sills, ledges and wood paneling and molding dusted.

3. MONTHLY

- A. Floors washed and waxed in uncarpeted office area.
- B. High-reach areas, door frames and tops of partitions dusted.
- C. Upholstered furniture vacuumed, plastic and leather furniture wiped.
- D. Picture moldings and frames dusted.
- E. Wall vents and ceiling vents vacuumed.
- F. Carpet professionally spot cleaned as required to remove stains.
- G. HVAC chiller water checked for bacteria, water conditioned as necessary.

4. QUARTERLY

- A. Light fixtures cleaned and dusted, but not less frequently than Quarterly.
- B. Wood furniture polished.
- C. Draperies or mini-blinds cleaned as required, but not less frequently than Quarterly.
- D. HVAC units serviced for preventative maintenance purposes, all filters changed.

5. SEMI-ANNUALLY

- A. All painted wall and door surfaces washed and stains removed.
- B. All walls treated with vinyl covering washed and stains removed.

6. ANNUALLY

- A. Furniture Systems and any other fabric or upholstered surfaces including chairs, couches, walls, etc., spot cleaned, or if determined to be necessary in Tenant's sole discretion, professionally cleaned in their entirety using a water extraction system.
- B. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.
- C. Touch-up paint all interior painted surfaces in a color and finish to match existing.
- D. Windows washed as required inside and outside but not less frequently than annually.

7. AS NEEDED

- A. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.
- B. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.
- C. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning: (i) heavy traffic areas as needed with a minimum frequency of bi-monthly [six (6) times per year]; (ii) moderate traffic areas cleaned as needed with a minimum of once every six (6) months [two (2) times per year]; and (iii) clean light traffic areas a minimum of once per year. Landlord agrees that bonnet cleaning is not an acceptable method of cleaning carpets.
- D. All walls repainted and wall coverings replaced throughout the Premises. The paint finish should be eggshell or semi-gloss as directed by Tenant and in a color acceptable to Tenant. In no event will Landlord be required to repaint or replace wall coverings more than one (1) time in a five (5) year period (the "Occurrence"). The initial tenant improvements completed prior to Tenant's occupancy or as a condition to the renewal of the Lease shall not constitute and Occurrence for the purpose of determining the frequency of this work.

8. GENERAL

Landlord shall, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.

EXHIBIT F

LANDLORD'S WORK LETTER

This Landlord's Work Letter shall set forth the terms and conditions relating to the renovation of the tenant improvements in the Premises. This Landlord's Work Letter is essentially organized chronologically and addresses the issues of the renovation of the Premises, in sequence, as such issues will arise.

SECTION 1

LANDLORD'S INITIAL CONSTRUCTION IN THE PREMISES

Landlord has constructed, at its sole cost and expense, the base, shell and core (i) of the Premises, and (ii) of the floor of the Project on which the Premises is located (collectively, the "**Base, Shell and Core**"). The improvements to be initially installed in the Premises shall be designed and constructed pursuant to this Landlord's Work Letter. Any costs of initial design and construction of any improvements to the Premises shall be an "Improvement Allowance Item", as that term is defined in Section 2.2 of this Landlord's Work Letter.

SECTION 2

ALLOWANCES; IMPROVEMENTS

2.1 Allowances.

2.1.1 Improvement Allowance. Tenant shall be entitled to a one-time improvement allowance (the "**Improvement Allowance**") in the amount of \$155,190.00 (i.e., \$15.00 per rentable square foot of the Premises) for the costs relating to the initial design and construction of Tenant's improvements which are permanently affixed to the Premises (the "**Improvements**"). In no event shall Landlord be obligated to make disbursements pursuant to this Landlord's Work Letter in a total amount which exceeds the Improvement Allowance, plus the Additional Allowance (as defined below) plus the Maximum Change Order Allowance (as defined below), in the aggregate, and, provided that Tenant does not elect to receive the Additional Allowance (as defined below), in no event shall Tenant be entitled to any credit for any unused portion of the Improvement Allowance not used by Tenant by the one (1) year anniversary of the Commencement Date.

2.1.2 Additional Allowance. Notwithstanding any contrary provision contained in Section 2.1.1, Tenant may elect, at any time on or before the last day of the month which is six (6) months following the Commencement Date, pursuant to a written notice delivered to Landlord (the "**Additional Allowance Notice**"), to receive a one-time increase (the "**Additional Allowance**") of the Tenant Improvement Allowance in an amount not to exceed \$206,920.00 (i.e., \$20.00 per rentable square foot of the Premises), in the aggregate, for costs relating to the design and construction of the Improvements. If Tenant shall exercise such right

EXHIBIT "F"

to use all or any portion of the Additional Allowance (and/or Maximum Change Order Allowance, as applicable), then Tenant shall repay the Additional Allowance (and/or Maximum Change Order Allowance, as applicable) to Landlord either (a) in a lump sum upon Substantial Completion of the Improvements, or (b) as Additional Monthly Basic Rent, in accordance with the terms and conditions set forth in this Section 2.1.2. If Tenant shall not elect to repay Landlord for the Additional Allowance (and/or Maximum Change Order Allowance, as applicable) in a lump sum, then the monthly Basic Rent for the Premises shall be increased by an amount equal to the Additional Monthly Basic Rent (as defined below) in order to repay the Additional Allowance (and/or Maximum Change Order Allowance, as applicable) to Landlord. Tenant's election to repay the Additional Allowance (and/or Maximum Change Order Allowance, as applicable) as Additional Monthly Basic Rent shall not preclude Tenant from later electing to repay the then remaining portion of the Additional Allowance (and/or Maximum Change Order Allowance, as applicable), or portion thereof, in a lump sum and Tenant shall be entitled to elect to repay the Additional Allowance (and/or Maximum Change Order Allowance, as applicable), or portion thereof, in a lump sum at any time during the Term. The "**Additional Monthly Basic Rent**" shall mean the Additional Allowance (and/or Maximum Change Order Allowance, as applicable) Tenant has elected to receive, amortized over the initial one hundred twenty (120) months of the Term on a monthly basis, with interest accruing on the Additional Allowance (and/or Maximum Change Order Allowance, as applicable) at nine percent (9%) per annum. If the Lease shall be cancelled or terminated for any reason permitted under the Lease prior to the expiration of the full initial Term, the unamortized Additional Allowance (and/or Maximum Change Order Allowance, as applicable) shall become due and payable to Landlord within thirty (30) days after the effective date of any such termination of this Lease. In the event that Tenant shall elect to utilize all or a portion of the Additional Allowance (and/or Maximum Change Order Allowance, as applicable), then (a) all references in this Exhibit "F" to "Improvement Allowance" shall be deemed to include the Additional Allowance (and/or Maximum Change Order Allowance, as applicable) which Tenant elects to utilize, (b) the parties shall promptly execute an amendment to this Lease setting forth the new amount of the monthly Basic Rent payable by Tenant for the Premises (i.e., the Basic Rent plus the Additional Monthly Basic Rent) and the new amount of the Improvement Allowance (computed in accordance with this Paragraph) (i.e., the portion of the Improvement Allowance plus the portion of the Additional Allowance plus, if applicable, the portion of the Maximum Change Order Allowance), and (c) the first installment of Additional Monthly Basic Rent shall be paid on or before the first day of the first full month of the Term occurring after Tenant has elected to use the Additional Allowance (and/or Maximum Change Order Allowance, as applicable).

2.1.3 Change Order Allowance. Tenant may elect, at any time during the construction of the Improvements, pursuant to a written notice delivered to Landlord (the "**Additional Allowance Notice**"), to receive a one-time allowance (the "**Maximum Change Order Allowance**") in an amount not to exceed \$25,000.00, in the aggregate, for costs relating to Tenant's requested changes ("**Change Orders**") to the Construction Drawings or the Improvements. Tenant shall be entitled to make only those changes to the Construction Drawings and the Improvements which are approved in advance, in writing by Landlord (and Tenant shall be responsible for any Tenant Delay resulting from any such Change Orders). The Maximum Change Order Allowance set forth in Section 1 has been authorized by the Board of Supervisors of the County to be used to pay the costs of all authorized Change Orders but only

EXHIBIT "F"

the Chief Administrative Officer is authorized to approve Change Orders on behalf of Tenant and then only if the aggregate amount of such approved Change Orders does not exceed the Maximum Change Order Allowance. Each Change Order must be signed and dated by the Chief Administrative Officer. Upon Tenant's written request, Landlord shall provide Tenant with (i) the specific cost of the requested change, (ii) the cumulative net total cost of all approved Change Orders, and (iii) an estimate of the construction time which will be increased or shortened if the Change Order is approved. Tenant shall be responsible for submitting all Change Order requests to the Chief Administrative Officer for its approval. Tenant acknowledges and agrees that Landlord shall have no obligation to proceed with a Change Order until Landlord receives a Change Order approved by the Chief Administrative Officer in accordance with the terms of this Section 2.1.3. Tenant shall elect to repay to Landlord the portion of the Maximum Change Order Allowance used by Tenant either (a) in a lump sum upon Substantial Completion of the Improvements, or (b) as Additional Monthly Basic Rent, in accordance with the terms and conditions set forth in Section 2.1.2, above.

2.2 Disbursement of the Improvement Allowance. Except as otherwise set forth in this Landlord's Work Letter, the Improvement Allowance shall be disbursed by Landlord (each of which disbursements shall be made pursuant to Landlord's disbursement process) for costs related to the construction of the Improvements and for the following items and costs (collectively, the "**Improvement Allowance Items**"): (i) payment of the fees of the "Architect" and the "Engineers," as those terms are defined in Section 3.1 of this Landlord's Work Letter, and payment of the fees incurred by, and the cost of documents and materials supplied by, Landlord and Landlord's consultants in connection with the preparation and review of the "Construction Drawings," as that term is defined in Section 3.1 of this Landlord's Work Letter; (ii) the cost of permits; (iii) the cost of any changes to the Construction Drawings or Improvements required by applicable building codes (the "**Code**"); and (iv) the "Landlord Coordination Fee", as that term is defined in Section 4.3.2 of this Landlord's Work Letter. However, in no event shall more than Three and 00/100 Dollars (\$3.00) per usable square foot of the Improvement Allowance be used for the aggregate cost of items described in (i) and (ii) above; any additional amount incurred as a result of (i) and (ii) above shall be deemed to constitute an Over-Allowance Amount.

2.3 Standard Improvement Package. Landlord has established specifications (the "**Specifications**") for the Project standard components to be used in the construction of the Improvements in the Premises (collectively, the "**Standard Improvement Package**"), which Specifications are available upon request. The quality of Improvements shall be equal to or of greater quality than the quality of the Specifications, provided that Landlord may, at Landlord's option, require the Improvements to comply with certain Specifications.

SECTION 3

CONSTRUCTION DRAWINGS

3.1 Selection of Architect/Construction Drawings. Landlord shall retain an architect/space planner (the "**Architect**") to prepare the "Construction Drawings," as that term is defined in this Section 3.1. Landlord shall also retain the engineering consultants (the

EXHIBIT "F"

"Engineers") to prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC and lifesafety work of the Tenant Improvements. The plans and drawings to be prepared by Architect and the Engineers hereunder shall be known collectively as the "**Construction Drawings**." All Construction Drawings shall comply with the drawing format and specifications as reasonably determined by Landlord, and shall be subject to Landlord's reasonable approval.

3.2 Delivery of Preliminary Plans; Final Space Plan. Tenant shall deliver to Landlord the preliminary space plans for the Improvements on or before August 20, 2004. Based on the preliminary space plan, Landlord and the Architect shall prepare the final space plan for Improvements in the Premises (collectively, the "**Final Space Plan**"), which Final Space Plan shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein, and shall deliver the Final Space Plan to Landlord for Tenant's reasonable approval which Tenant shall provide within four (4) business days.

3.3 Final Working Drawings. Landlord and the Engineers shall complete the architectural and engineering drawings for the Premises, and the final architectural working drawings in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits (collectively, the "**Final Working Drawings**").

3.4 Permits. The Final Working Drawings shall promptly be approved by Landlord and shall be approved by Tenant (the "**Approved Working Drawings**") by the later to occur of (i) the date which is four (4) business days after delivery of the Final Working Drawings by Landlord to Tenant and (ii) the date of the adoption of the Lease by the Los Angeles County Board of Supervisors. Tenant hereby agrees to use its best efforts to cause the Board adoption of the Lease to occur on September 14, 2004 or as soon thereafter as is reasonably possible. Landlord shall cause the Architect to immediately submit the Approved Working Drawings to the appropriate municipal authorities for all applicable building permits necessary to allow "Contractor," as that term is defined in Section 4.1, below, to commence and fully complete the construction of the Improvements (the "**Permits**"). No changes, modifications or alterations in the Approved Working Drawings may be made without the prior written consent of Landlord, which consent shall not be unreasonably withheld.

3.5 Time Deadlines. Landlord and Tenant shall use their commercially reasonable efforts and due diligence to cooperate with the Architect, the Engineers to complete all phases of the Construction Drawings and the permitting process and to receive the permits, and with Contractor for approval of the "Cost Proposal," as that term is defined in Section 4.2 of this Landlord's Work Letter, as soon as possible after the execution of the Lease, and, in that regard, shall meet with Landlord and Tenant on a scheduled basis to be determined by Landlord, to discuss the progress in connection with the same.

SECTION 4

CONSTRUCTION OF THE IMPROVEMENTS

4.1 Contractor. Landlord shall retain a general contractor for the construction of the Improvements, which Contractor shall be selected by Landlord and Tenant pursuant to a competitive bidding of the Improvement work by three (3) general contractors selected by Landlord. Each contractor shall be requested to submit a sealed fixed price contract bid price (on such contract form as Landlord shall designate) to construct the Improvements. Landlord and Tenant shall jointly open and review the bids. Landlord and Tenant, after adjustments for inconsistent assumptions, shall select the most qualified bidder offering the lowest price and such contractor ("**Contractor**") shall enter into a construction contract with Landlord consistent with the terms of the bid to construct the Improvements.

4.2 Cost Proposal. After the Approved Working Drawings are signed by Landlord and Tenant, Landlord shall provide Tenant with a cost proposal in accordance with the Approved Working Drawings, which cost proposal shall include, as nearly as possible, the cost of all Improvement Allowance Items to be incurred by Tenant in connection with the construction of the Improvements (the "**Cost Proposal**"). Tenant shall approve and deliver the Cost Proposal to Landlord within four (4) business days of the receipt of the same, and upon receipt of the same by Landlord, Landlord shall be released by Tenant to purchase the items set forth in the Cost Proposal and to commence the construction relating to such items. The date by which Tenant must approve and deliver the Cost Proposal to Landlord shall be known hereafter as the "**Cost Proposal Delivery Date**".

4.3 Construction of Improvements by Contractor under the Coordination of Landlord.

4.3.1 Over-Allowance Amount. On the Cost Proposal Delivery Date, subject to the availability of the Additional Allowance and the Maximum Change Order Allowance, Tenant shall deliver to Landlord an amount (the "**Over-Allowance Amount**") equal to the difference between (i) the amount of the Cost Proposal and (ii) the amount of the Improvement Allowance (less any portion thereof already disbursed by Landlord, or in the process of being disbursed by Landlord, on or before the Cost Proposal Delivery Date). The Over-Allowance Amount shall be disbursed by Landlord prior to the disbursement of any then remaining portion of the Improvement Allowance, and such disbursement shall be pursuant to the same procedure as the Improvement Allowance.

4.3.2 Landlord's Retention of Contractor. Landlord shall independently retain Contractor, on behalf of Tenant, to construct the Improvements in accordance with the Approved Working Drawings and the Cost Proposal and Landlord shall coordinate the construction by Contractor, and Tenant shall pay a construction coordination fee (the "**Landlord Coordination Fee**") to Landlord in an amount equal to the product of (i) three percent (3%) and (ii) an amount equal to the Improvement Allowance plus, to the extent applicable, the Additional Allowance, plus, to the extent applicable, the Maximum Change Order Allowance, plus any Over-Allowance

EXHIBIT "F"

Amount (as such Over-Allowance Amount may increase pursuant to the terms of this Landlord's Work Letter).

SECTION 5

COMPLETION OF THE IMPROVEMENTS

5.1 Substantial Completion. For purposes of this Lease, "**Substantial Completion**" of the Improvements in the Premises shall occur in accordance with Section 4(a) of the Lease.

5.2 Delay of the Substantial Completion of the Premises. Except as provided in this Section 5, the Commencement Date and Tenant's obligation to pay rent for the Premises shall occur as set forth in the Lease. However, if there shall be a delay or there are delays in the Substantial Completion of the Improvements in the Premises as a result of the following (collectively, "**Tenant Delays**"):

5.2.1 Tenant's failure to comply with the Time Deadlines;

5.2.2 Tenant's failure to timely approve any matter requiring Tenant's approval;

5.2.3 A breach by Tenant of the terms of this Landlord's Work Letter or the Lease;

5.2.4 Intentionally omitted;

5.2.5 Tenant's request for changes in the Approved Working Drawings or other Change Orders (including Tenant's failure to deliver an executed Change Order);

5.2.6 Tenant's requirement for materials, components, finishes or improvements which have long lead times, or which are different from, or not included in, the Standard Improvement Package;

5.2.7 Any other acts or omissions of Tenant, or its agents, or employees (provided, however, that if Landlord has failed to notice Tenant of the existence of a Tenant Delay that occurs under this Section 5.2.7 within four (4) days after Landlord's determination of the existence thereof, then regardless of the actual length of such Tenant Delay under this Section 5.2.7, Tenant shall only be charged with such Tenant Delay under this Section 5.2.7 commencing on the date that is four (4) days prior to Landlord's delivery of notice and ending on the date the Tenant Delay ends);

then, notwithstanding anything to the contrary set forth in the Lease or this Landlord's Work Letter and regardless of the actual date of the Substantial Completion of Improvements in the Premises, the date of Substantial Completion thereof shall be deemed to be the date that Substantial Completion would have occurred if no Tenant Delay or Delays, as set forth above, had occurred.

EXHIBIT "F"

SECTION 6

MISCELLANEOUS

6.1 Tenant's Representative. Tenant has designated Nevin Harrison and/or an assigned staff person of the Chief Administrative Office-Real Estate Division as its sole representative with respect to the matters set forth in this Landlord's Work Letter, who, until further notice to Landlord, shall have full authority and responsibility to act on behalf of the Tenant as required in this Landlord's Work Letter.

6.2 Landlord's Representative. Prior to commencement of construction of Improvements, Landlord shall designate a representative with respect to the matters set forth in this Landlord's Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Landlord's Work Letter.

6.3 Time of the Essence in This Landlord's Work Letter. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days.

SUPPLEMENTAL LEASE DOCUMENTS

For

**COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AND AGREEMENT**

**DEPARTMENT: COUNTY OF LOS ANGELES, a body politic and corporate
entity, as Tenant**

**LANDLORD: ARDEN REALTY LIMITED PARTNERSHIP, a Maryland limited
partnership**

[26600 Agoura Road, Calabasas, California]

Document I – Intentionally Omitted

Document II - Tenant Estoppel Agreement

Document III – Intentionally Omitted

Document IV - Memorandum of Lease

Document V – Intentionally Omitted

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DOCUMENT II
TENANT ESTOPPEL CERTIFICATE

To: [Insert name of party to rely on document]

Attn: _____

Re: Date of this Certificate: _____
 Lease Dated: _____
 Current Landlord: _____
 Located at: _____
 Premises: _____
 Commencement Date of Term: _____
 Expiration Date: _____
 Current Rent: _____

County of Los Angeles ("Tenant") hereby certifies that as of the date hereof:

1. Tenant is the present owner and holder of the tenant's interest under the lease described above, as it may be amended to date (the "Lease"). The Lease covers the premises described above (the "Premises") in the building (the "Building") at the address set forth above.

2. (a) A true, correct and complete copy of the Lease (including all modifications, amendments, supplements, side letters, addenda and riders of and to it) is attached to this Certificate as Exhibit A.

 (b) The current Rent is set forth above.

 (c) The term of the Lease commenced on the Commencement Date set forth above and will expire on the Expiration Date set forth above, including any presently exercised option or renewal term. Tenant has no option or right to renew, extend or cancel the Lease, or to lease additional space in the Premises or Building, or to use any parking other than that specified in the Lease.

 (d) Except as specified in the Lease, Tenant has no option or preferential right to purchase all or any part of the Premises (or the land of which the Premises are a part).

 (e) Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession except as expressly set forth in the Lease.

3. (a) The Lease constitutes the entire agreement between Tenant and Landlord with respect to the Premises, has not been modified changed, altered or amended except as follows:

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_____. The Lease is in full force and effect and there are no other agreements, written or oral, which affect Tenant's occupancy of the Premises, except as follows _____.

(b) To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.

(b) The interest of Tenant in the Lease has not been assigned or encumbered except as follows _____. Tenant is not entitled to any credit against any rent or other charge or rent concession under the Lease except as set forth in the Lease. No rental payments have been made more than one month in advance.

4. All contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full and all of Landlord's obligations with respect to tenant improvements have been fully performed.

IN WITNESS WHEREOF, the Tenant has executed this Tenant Estoppel Certificate as of the day set forth above.

COUNTY OF LOS ANGELES

By: _____

Name: _____

Title: _____

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DOCUMENT IV

MEMORANDUM OF LEASE

**RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:**

County of Los Angeles
Chief Administrative Office
Real Estate Division
222 South Hill Street
3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

This document is recorded for the benefit of the County of Los Angeles and recording is exempt from recording fees pursuant to California Government Code Section 27383. This transaction is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code Section 11922.

MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is made and entered into by and between ARDEN REALTY LIMITED PARTNERSHIP, a Maryland limited partnership (the "Landlord"), and the COUNTY OF LOS ANGELES, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Tenant") who agree as follows:

Landlord and Tenant hereby enter a Lease of certain property (the "Lease") in the County of Los Angeles, State of California, described in Exhibit A attached hereto and incorporated herein by reference, for a term commencing on _____, 20____, and ending on a date _____ () years after the commencement date, unless such term is extended or sooner terminated pursuant to the terms and conditions set forth in a certain unrecorded Lease between Landlord and Tenant dated _____, 200__.

[Tenant has the option to extend the term of the Lease for a period of ____ () years, subject to the terms and conditions of the Lease.]

This Memorandum has been prepared for the purpose of giving notice of the Lease and of its terms, covenants, and conditions, and for no other purposes. The provisions of this Memorandum shall not in any way change or affect the provisions of the Lease, the terms of which remain in full force and effect.

Dated: _____, 20____.

LANDLORD:

TENANT:

By: _____

By: _____

Its: _____

Its: _____

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